PROVINCE OF BRITISH COLUMBIA

Fifty-First Annual Report

of the Business Done in Pursuance of the

Pension (Public Service) Act

YEAR ENDED MARCH 31

1986

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To: The Honourable ROBERT G. ROGERS,
Lieutenant-Governor of the Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully submits the Report of the business done in pursuance of the Pension (Public Service) Act during the fiscal year ended March 31, 1986.

ELWOOD N. VEITCH
Provincial Secretary and Minister of Government Services

Office of the Provincial Secretary and Minister of Government Services
Victoria, British Columbia
February 2, 1987

The Honourable Elwood N. Veitch
Provincial Secretary and Minister
of Government Services
Victoria, British Columbia

SIR:

I have the honour to lay before you the Report of the business done in pursuance of the Pension (Public Service) Act during the fiscal year ended March 31, 1986.

Respectfully submitted,

JOHN W. COOK
Superannuation Commissioner

February 2, 1987

PENSION (PUBLIC SERVICE) ACT

ANNUAL REPORT

Report of the business done in pursuance of the *Pension (Public Service) Act* for the fiscal year ended March 31, 1986

Sections 1,3,4,6,7,8,10,13,15,17,19,41 (employee and employer contributions) — Employee contributions amounted to $67,139,516 made up as follows:

	$
Compulsory and arrears contributions	66,414,967
Voluntary contributions	663,855
Reinstatement	60,694

As at March 31, 1986 there were 44,665 active contributors.
Employer contributions amounted to $95,445,475 made up as follows:

Minister of Finance—	
Compulsory and arrears	66,418,928
Purchase of service	205,864
Reinstatement	65,856
	66,690,648
Other employers—	
British Columbia Assessment Authority	1,812,457
British Columbia Buildings Corporation	2,279,148
British Columbia Development Corporation	128,129
British Columbia Ferry Corporation	5,646,688
British Columbia Housing Management Commission	430,392
British Columbia Institute of Technology	2,403,604
British Columbia Petroleum Corporation	60,452
British Columbia Place Ltd.	155,249
British Columbia Place Stadium	64,959
British Columbia Steamship Company (1975) Ltd.	26,851
British Columbia Systems Corporation (Note 1)	1,102,391
British Columbia Transit	8,061,210
Emergency Health Services Commission	1,901,861
Employees' union, credit unions and associations	277,763
Expo 86 Corporation	21,458
Kamloops Society for Alcohol and Drug Services	2,362
Liquor Distribution Branch	4,326,288
Post Secondary Education Councils	33,122
Regional colleges	17,024
Regional districts	3,419
	28,754,827

Note 1: Includes $10,840 of returned employer's contributions received from HTS Hi-Tech Systems Ltd pension plan in respect of terminating employees.

Section 11 — As at March 31, 1986 deposits with the bank at credit of the Public Service Superannuation Fund amounted to $4,464,735. Short-term investments held for the Fund amounted to $764,638,564 at cost. Long-term investments held for the Fund amounted to $1,472,577,470 at book value and are detailed on Schedule 1. A comparative summary of investment transactions and earnings is attached to this report in Schedule 2.

Section 12 — Income from investments earned by the Fund during the year amounted to $226,014,973.

This amount is distributed to the accounts of the Fund at interest rates specified in the Act or Regulations. For employees entering the service subsequent to April 1, 1958, interest at 4% per annum is credited to the employee and employer accounts. For employees entering service prior to April 1, 1958, a rate of 5% per annum was used. Interest at 6% per annum was credited to employee voluntary accounts and 5% per annum was credited to the Contributory Pensions Account.

An order-in-council was proclaimed in 1984 which changed rates paid to employee and employer accounts to a fluctuating rate based on the lesser of the net earned rate of the Fund or the average interest rate paid on three major chartered banks non-chequing savings accounts. For the period April 1, 1985 to March 31, 1986, this rate was 6.8639% per annum.

For 1985/86, the interest credited to the accounts of the Fund are as follows:

	$
Employees' Compulsory Contributions Basic Account	32,039,149
Employees' Compulsory Contributions Inflation Adjustment Account	4,175,968
Employees' Voluntary Contributions Account	584,560
Employer Contributions Basic Account	32,039,149
Employer Contributions Inflation Adjustment Account	4,175,968
Contributory Pensions Account	23,524,288
Special Agreement Account re certain former employees of B. C. Hydro and Power Authority	1,829
Special Agreement Accounts re certain employees of the Liquor Distribution Branch	1,146
Special Agreement Account re certain former employees of Medical Services Association	4,732
Reserve Account	118,015,602
Inflation Adjustment Pension Reserve	11,452,582

An Investment Advisory Committee, consisting of the Superannuation Commissioner and the Director, Finance, Superannuation Commission, together with representatives from the Ministry of Finance, and the British Columbia Government Employees Union, meets on a quarterly basis during the year to determine an investment strategy for the succeeding quarter.

The investment strategy adopted was designed to achieve a total asset mix of 30% short-term and 70% long-term investments by December 31, 1985 and to maintain this ratio thereafter.

The Provincial Treasury provides financial services to the Pension Fund which includes safekeeping and registration of securities and investment management services. The Fund was charged $691,907 for these services.

Section 14 — All monies received and paid out under the provisions of this Act are shown in the statement of changes in fund balance and the assets and liabilities appertaining to the granting of superannuation allowances are shown in the statement of financial position. These financial statements are attached to this report.

Pursuant to the 1980 amendments to the Act, these financial statements reflect the creation of an Inflation Adjustment Account for the purpose of financing the annual inflation adjustment supplementary allowances.

Sections 15, 17, 18, 19, and 20 — During the year 1,046 allowances were granted as follows:

Normal retirement	943
Total and permanent disability	5
Deferred allowances	51
Dependents upon death in service	47

As at March 31, 1986 there were 1,348 former contributors with credits in the Fund who were eligible to apply for deferred superannuation allowances after attaining the minimum retirement age.

The present value of the 1,046 allowances granted during the year under the Pension (Public Service) Act, in the amount of $95,017,764 was credited to the Contributory Pensions Account from the following sources:

	$
Employees' Compulsory Contributions Basic accumulated with interest	21,804,426
Employees' Voluntary Contributions Account	254,970
Employer Contributions Account	72,958,368
B. C. Hydro Pension Fund re 2 pensions granted	70,575

Section 16 — Transfers totalling $499,478 were received from 8 reciprocal pension funds in respect of 3 contributors upon grant of allowance and in respect of 25 contributors following transfer of service as follows:

		$
Upon grant of allowance—		
B.C. Hydro and Power Authority Pension Fund	2	70,575
B.C. Power Commission Superannuation Fund	1	8,457
During service—		
Government of Canada Public Service Pension Account	8	126,154
Province of Alberta Public Service Pension Fund	4	24,771
Province of Ontario Public Service Pension Fund	1	113,372
Municipal Superannuation Fund	10	153,727
Workers' Compensation Board Superannuation Fund	1	1,369
Teachers' Pensions Fund	1	1,053

By special arrangement, Crown Life Insurance Company reimbursed the Fund amounts totalling $159,163 representing that portion of the superannuation allowances received by former employees of the Liquor Distribution Branch that had been purchased from the Company prior to August 1, 1961.

Transfers totalling $1,826,009 were made to 8 reciprocal pension funds in respect of 8 contributors upon grant of allowance and in respect of 56 contributors following transfer of service.

		$
Upon grant of allowance—		
Municipal Superannuation Fund	6	93,749
Teachers' Pensions Fund	1	118,376
College Pension Fund	1	1,330
During service—		
Confederation Life Insurance Pension Fund	31	696,311
Hi-Tech Services Ltd.	16	443,881
Government of Canada Public Service Superannuation Account	20	366,124
Province of Alberta Public Service Pension Fund	4	78,704
Province of Manitoba Public Service Pension Fund	1	27,534

Sections 18(7), 22 and 23 — Refunds totalling $15,217,071 were granted in respect of 2,912 former contributors as follows:

		$
Resignations	2,258	13,048,005
Death in service	69	762,348
Excess and voluntary contributions on grant of allowance	260	1,285,534
Miscellaneous	325	121,184

Of the refunds granted, 6 were payable to former contributors who were eligible to receive an immediate superannuation allowance and 64 were payable to former contributors who were entitled to leave their credits in the Fund in order to receive a deferred superannuation allowance after attaining the minimum retirement age.

Section 27 — Administration and actuarial expenses amounting to $1,521,187 were paid from the Fund.

An actuarial valuation of the assets and liabilities of the Fund is required to be made by an actuary from time to time at intervals of not more than five years. The most recent valuation was carried out as at March 31, 1984.

The valuation indicated an unfunded liability in respect of basic pension benefits of approximately $555,858,000 as of March 31, 1984. This represents a decrease of $75,314,000 since March 31, 1980. These results are based on the present statutory employee and employer contribution rates.

Section 42 — Inflation Adjustment supplements totalling $16,134,144 ($13,571,346 in 1984/85) were charged to the Contributory Pensions Account. The

annual increases are tied to the consumer price index and are payable to the extent that the capitalized value is available in the Inflation Adjustment Account. For this purpose employee and employer contributions each at the rate of 1.25% of salary and interest earnings attributable to funds held for the payment of contributory allowances in excess of the rate assumed by the actuary are allocated to the Inflation Adjustment Account.

Comparative, statistical and detail schedules of contributions, refunds and allowances granted an in force at the year end are attached to this report.

Sections 43, 44, 45 and 46 — Death Benefits Fund claims payments totalling $122,100 and sources of funds therefor are summarized in Schedule 10 attached to this report.

JOHN W. COOK, F.C.I.A.
Superannuation Commissioner

AUDITOR'S REPORT

To the Superannuation Commissioner,
To the Provincial Secretary and Minister of Government Services,
Province of British Columbia, and
To the Minister of Finance
Province of British Columbia:

I have examined the statement of financial position of the Public Service Superannuation Fund, a fund in the Ministry of Finance, as at 31 March 1986 and the statement of changes in fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at 31 March 1986 and the changes in the fund balance for the year then ended in accordance with the stated accounting policies as set out in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

ERMA MORRISON, F.C.A.
Auditor General

Victoria, British Columbia
22 August 1986

PUBLIC SERVICE SUPERANNUATION FUND

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 1986

	1986	1985
ASSETS	$	$
Cash	4,464,735	—
Accounts receivable	12,142,258	6,100,031
Due from Pacific Coach Lines Ltd. Employees' Retirement Plan	—	10,350,063
Accrued interest on investments	69,174,463	53,623,368
Investments		
Short-term	764,638,564	985,809,740
Long-term (Note 3)	1,472,577,470	999,343,913
Deferred losses less gains on sale of investments (Note 4)	14,555,908	19,598,971
	2,337,553,398	2,074,826,086
LIABILITIES AND FUND BALANCE		
Liabilities		
Overdraft in Treasury	—	9,223,919
Accounts payable and accrued liabilities	3,481,847	2,029,355
	3,481,847	11,253,274
FUND BALANCE (Note 5)		
Basic Account	2,096,314,775	1,885,043,571
Inflation Adjustment Account	237,756,776	178,529,241
	2,334,071,551	2,063,572,812
	2,337,553,398	2,074,826,086

The seven accompanying notes are an integral part of these financial statements.

Approved by:

JOHN W. COOK, F.C.I.A.,
Superannuation Commissioner

VICTOR BARWIN, C.A.,
Director, Finance, Superannuation Commission

PUBLIC SERVICE SUPERANNUATION FUND

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED MARCH 31, 1986

	1986	1985
Fund Balance increased by		
Contributions	$	$
Employees		
Basic	52,018,704	52,409,457
Inflation adjustment	14,396,263	14,303,197
Voluntary	663,855	245,947
Military service	—	475,879
Reinstatement	60,694	223,198
	67,139,516	67,657,678
Employers		
Province of British Columbia		
Basic	56,614,680	58,506,387
Inflation adjustment	10,075,968	10,295,659
Other employers		
Basic	24,451,913	22,964,362
Inflation adjustment	4,302,914	4,008,327
	95,445,475	95,774,735
Transfers from other funds		
Re Pacific Coach Lines Ltd. Employees' Retirement Plan	211,177	13,519,340
Other	658,641	265,330
Transfers from Members of the Legislative Assembly Superannuation Account (Note 6)		
Upon grant of allowance	—	525,544
In respect of inflation adjustment supplements	45,448	119,740
Income from investments	226,014,973	205,667,930
	389,515,230	383,530,297
Fund Balance Decreased by		
Superannuation allowance payments		
Contributory	83,497,418	74,001,929
Inflation adjustment supplements (Note 5)	16,134,144	13,571,346
	99,631,562	87,573,275
Refunds	15,217,071	24,310,679
Transfers to other funds	1,826,009	1,288,719
Transfers to Members of the Legislative Assembly Superannuation Account (Note 6)	128,755	—
Administration and actuarial expenses	1,521,187	1,346,338
Investment management fees	691,907	596,843
	119,016,491	115,115,854
Net Increase in Fund Balance	270,498,739	268,414,443
Fund Balance at Beginning of Year	2,063,572,812	1,795,158,369
Fund Balance at end of Year	2,334,071,551	2,063,572,812

PUBLIC SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1986

1. Description of the Public Service Superannuation Plan

(a) General

Under the *Pension (Public Service) Act*, the Public Service Superannuation Fund is a fund in the Ministry of Finance.

The Superannuation Commissioner appointed under the Act is responsible to the Provincial Secretary and Minister of Government Services for the administration of the Act. The Minister of Finance is responsible for investing available moneys in authorized short-term and long-term securities.

The plan is a defined benefit pension plan, whereby benefits are not directly linked to contributions. The plan is open to eligible employees of the public service and of certain crown corporations, agencies, institutions and other designated employers to which the *Pension (Public Service) Act* applies.

(b) Retirement Benefits

Members are eligible for unreduced benefits if they retire at age 55 with a minimum of 35 years contributory service and at age 60 with a minimum of 10 years contributory service. Reduced pensions are available at age 55 with a minimum of 10 years contributory service, and at age 60 with less than 10 years contributory service.

Certain groups of employees are eligible for retirement benefits at an earlier age.

The plan provides a pension of 2% per year of service up to a maximum of 70% prior to age 65 of the average salary earned in the five highest earning years before retirement. At age 65, date of death or disability, there is a reduction in the formula as a result of the integration with the Canada Pension Plan (the CPP offset). Reference should be made to the plan text for a more detailed description of the benefits.

(c) Termination Benefits

A terminating employee may choose between leaving accumulated contributions on deposit or obtaining a refund. The refund includes interest credited. Employees leaving contributions on deposit having contributed for a minimum of 10 years are entitled to a deferred pension benefit.

(d) Other Benefits

Disability and Survivor benefits are available under the plan.

2. Significant Accounting Policies

(a) General Information

These financial statements have been prepared on the accrual basis of accounting. They show only the position of the Fund as at March 31, 1986 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the superannuation plan. The results of the latest actuarial valuation of the plan are described in Note 7 below.

(b) Investment Valuation

Long-term investments are those purchased with a term in excess of one year. They are carried at cost of acquisition adjusted as follows:

(i) Discounts and premiums on single maturity bonds are amortized on a straight line basis over the remaining terms of the bonds.

(ii) Discounts on serial bonds are recognized as income when redemptions occur.

(iii) Shares are carried at cost adjusted by 7% of the difference between cost or adjusted cost and market value.

PUBLIC SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1986—*Continued*

Gains and losses on disposal of long-term investments are deferred and amortized on a straight line basis over the lesser of the remaining terms of the investments or twenty years. The amortization is charged against income from investments.

Short-term investments are carried at cost of acquisition.

3. Long-term Investments

Long-term investments held at the end of the year are as follows:

	1986	1985
	$	$
Book Value	1,472,577,470	999,343,913
Par Value	1,547,908,931	1,062,735,257
Market Value	1,556,709,018	938,647,705

The par value of the long-term investments does not include shares in Canadian companies having a book value of $19,540,559 ($17,788,330 in 1985) and a market value of $32,444,197 ($27,062,003 in 1985).

4. Deferred Losses Less Gains On Sale of Investments

	1986	1985
	$	$
Balance at beginning of year	19,598,971	11,288,818
Gains less losses (1985 — losses less gains) on sale of investments	(3,236,367)	9,575,293
	16,362,604	20,864,111
Amortization for the year	1,806,696	1,265,140
Balance at end of year	14,555,908	19,598,971

5. Fund Balance

The Fund balance is made up of a Basic Account and an Inflation Adjustment Account. The Inflation Adjustment Account was created in 1980 to finance the payment of inflation adjustment supplements. These supplements are adjusted each January 1st and are related to the annual increase in the Consumer Price Index as at each previous September 30th, but may be limited by the availability of funds in the Inflation Adjustment Account to provide the capitalized value of the increases.

The Inflation Adjustment Account includes contributions by employees and employers each at the rate of 1.25% of salary, the interest income therefrom, and the interest income earned at a rate in excess of that assumed by the actuary on fund assets held in the Basic Account in respect of pensions being paid. It is decreased by refunds to former contributors, payment of investment management fees in respect of Inflation Adjustment Account investments and transfers to the Basic Account in respect of the capitalized value of inflation adjustment supplements granted. The Basic Account consists of all other assets of the Fund.

Excess interest earnings for the year ended March 31, 1986 amounting to $37,112,199 ($18,390,306 in 1985) transferable from the Basic Account to the Inflation Adjustment Account are reflected in the Accounts' balances. Effective January 1, 1986, inflation adjustment supplements at the rate of 4.1% (3.8% effective January 1, 1985) of the basic life time portion of contributory allowances in force were granted. The capitalized value of these inflation adjustment supplements was $22,754,483 ($17,475,744 in 1985), and was transferred from the Inflation Adjustment Account to the Basic Account.

PUBLIC SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1986—*Continued*

6. Transfers To and From the Members of the Legislative Assembly Superannuation Account

Former Members of the Legislative Assembly who have been granted superannuation allowances are paid contributory allowances and inflation adjustment supplements from the Public Service Superannuation Fund (the Fund).

A contributory allowance is financed at the time the allowance is first granted by the transfer to the Fund from the Members of the Legislative Assembly Superannuation Account (the Account) of the estimated cost of the future contributory benefits.

Former members receiving an allowance who are re-elected to the Legislature cease to receive an allowance and resume contributing to the Account. In addition, an amount equal to the present value of their superannuation allowance is to be transferred from the Public Service Superannuation Fund to the Account.

During the current year, the Fund paid $128,755 to the Members of the Legislative Assembly Superannuation Account in respect of one member who was re-elected in November 1984. No new superannuation allowances were granted (1985 — one allowance valued at $525,544).

Under the *Legislative Assembly Allowances and Pension Act*, amounts deducted from Members' eligible salaries and indemnities to secure inflation adjustment supplements and the matching payments made by the Province are transferable once a year from the Account to the Inflation Adjustment Account maintained in the Public Service Superannuation Fund, from which the inflation adjustment supplements are paid. Any excess of contributions received over amounts transferred is reflected in these financial statements as an account receivable.

7. Actuarial Valuation

According to the *Pension (Public Service) Act*, an actuarial valuation of the assets and liabilities of the Fund is required to be made by an Actuary at least once in each consecutive period of not more than five years. The most recent valuation was carried out as at March 31, 1984. The valuation indicated a decrease in the unfunded liability in respect of basic pension benefits from $631,172,000 as of March 31, 1980 to $555,858,000 as of March 31, 1984. This decrease was primarily the result of the increase in the statutory employer contribution rate from 5¼% to 8¼% effective April 1, 1983.

The contributions required under the pension plan were determined under a "level contribution" funding method. This method expresses employer contributions as a constant percentage of future payrolls that, together with future employee contributions and investment earnings, will finance the benefits for a typical new entrant to the plan and, in addition, will maintain the unfunded liability as a constant percentage of future payrolls.

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 1—*Page 1 of 2*

LONG-TERM INVESTMENTS HELD AS AT MARCH 31, 1986

	Par Value $	Book Value $	Market Value $
Government of Canada	616,760,750	525,665,440	562,593,692
Government of Canada guaranty			
Federal Business Development Bank	44,200,000	44,427,163	44,868,500
Export Development Corporation	14,000,000	13,976,124	14,525,000
Province of British Columbia	116,679,954	117,055,322	122,153,282
Province of Manitoba	10,460,000	10,490,411	11,522,150
Province of New Brunswick	2,000,000	1,992,276	2,072,500
Province of Nova Scotia	4,250,000	4,456,222	4,934,375
Province of Ontario	16,000,000	16,185,148	16,320,000
Province of Quebec	13,150,000	13,149,755	15,654,100
Province of Saskatchewan	25,636,000	25,546,866	25,708,911
Province of Alberta guaranty			
Alberta Municipal Finance Corporation	7,600,000	7,809,015	8,447,750
Alberta Telephone	3,016,000	2,990,462	3,082,276
Province of British Columbia guaranty			
British Columbia Building Corporation Note	14,835,000	14,863,248	15,895,702
British Columbia Housing & Development Bond	2,800,000	2,800,000	2,856,000
British Columbia Hydro and Power Authority	313,894,000	311,413,711	310,509,215
British Columbia Railway Company	86,927,000	86,813,963	94,246,729
British Columbia Electric	334,100	331,090	328,894
British Columbia Power Commission	1,699,000	1,682,117	2,273,242
British Columbia Educational Institutions Capital Financing Authority	1,025,000	1,025,000	1,058,312
British Columbia Regional Hospital Districts Capital Financing Authority	10,440,000	9,670,457	9,446,892
British Columbia School Districts Capital Financing Authority	21,348,900	21,283,644	23,737,703
British Columbia improvement districts	8,855,200	8,764,929	8,613,664
British Columbia municipalities	1,074,027	1,062,208	981,256
Municipal Finance Authority of British Columbia	13,825,000	13,819,176	14,874,313
Province of Manitoba guaranty—			
Manitoba Telephone Systems	70,000	67,816	60,480
Province of Newfoundland guaranty—			
Newfoundland and Labrador Hydro-electric Corporation	700,000	696,223	688,800
Newfoundland Municipalities Capital Financing Authority	1,000,000	996,104	990,000
Province of Nova Scotia guaranty—			
Nova Scotia Power Corporation	347,000	332,011	325,313

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 1—*Page 2 of 2*

LONG-TERM INVESTMENTS HELD AS AT MARCH 31, 1986

	Par Value $	Book Value $	Market Value $
Province of Ontario guaranty			
Ontario Hydro-electric Power Commission	133,681,000	132,785,701	140,770,414
Province of Quebec guaranty			
Quebec Hydro-electric Commission	57,401,000	57,058,775	60,616,293
Eurobank guaranty			
World Bank Notes	3,600,000	3,562,942	3,815,250
Term Deposits			
Bank of Montreal	100,000	96,631	99,000
Royal Bank of Canada	50,000	49,628	49,875
Corporate Bonds			
B.C. Telephone Company	50,000	38,434	50,188
Consumers' Gas	50,000	38,154	48,500
Hudson's Bay Company Acceptance	50,000	40,745	46,250
Total Value of Bonds and Notes	1,547,908,931	1,453,036,911	1,524,264,821
Shares			
Bank of British Columbia (122,106)	—	1,287,880	451,792
British Columbia Telephone Company (1,215,844)	—	18,194,399	31,915,905
Canadian Pacific Limited (3,600)	—	32,931	52,200
Imperial Oil Limited (300)	—	12,901	14,062
International Nickel Company of Canada Ltd. (450)	—	12,448	10,238
Total Value of Shares	—	19,540,559	32,444,197
	1,547,908,931	1,472,577,470	1,556,709,018
1985 Comparisons	1,062,735,257	999,343,913	938,647,705

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 2

INVESTMENT INTEREST AND TRANSACTIONS

Comparative Statistics, April 1, 1976 to March 31, 1986

Year Ended March 31	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Net earned rate of the Fund	% 8.15	% 6.69	% 7.52	% 8.83	% 9.41	% 12.42	% 12.37	% 10.75	% 11.14	% 10.73
	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
Income from investments	34,179	33,994	45,690	63,932	81,107	158,574	160,104	171,476	205,668	226,015
Net increase (decrease) in long-term investments										
Bonds — par value	86,020	99,120	112,948	73,199	214,221	(2,566)	106,694	116,672	84,611	485,174
Shares — book[1]	—	—	3,059	—	277	—	728	675	1,348	1,752
Fund balance	478,012	572,277	687,918	823,385	982,343	1,263,982	1,537,845	1,795,158	2,063,573	2,334,072

[1] In 1982/83 the government changed the basis of valuation of shares. Formerly carried at cost, shares are now carried at cost adjusted by 7% of the difference between the previous carried value and market value.

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 3

INFLATION ADJUSTMENT ACCOUNT
STATEMENT OF CHANGES IN ACCOUNT BALANCE
FOR THE YEAR ENDED MARCH 31, 1986

	1986	1985
	$	$
Account Balance Increased by		
Contributions		
Employee	14,396,263	14,303,197
Employer	14,378,882	14,303,986
Transfers from other funds	27,015	8,502
Transfers from Members of the Legislative Assembly Superannuation Account		
In respect of inflation adjustment supplements	45,448	119,740
Investment income	19,804,517	17,747,263
Excess interest transferred from Basic Account	37,112,199	18,390,306
	85,764,324	64,872,994
Account Balance Decreased by		
Refunds	2,132,072	3,185,119
Transfers to other funds	206,163	179,510
Allowance increase present value transfers to Basic Account	23,188,388	18,112,684
Deferred indexing transferred to Basic Account	940,000	—
Investment management fees	70,166	13,202
	26,536,789	21,490,515
Net Increase During Year	59,227,535	43,382,479
Account Balance at Beginning of Year	178,529,241	135,146,762
Account Balance at End of Year	237,756,776	178,529,241

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 4

Main Comparative Statistics, April 1, 1976 to March 31, 1986

Fiscal Year	Number of Contributors	Employee Contributions		Employer Participation		Employee Refunds		Superannuation Allowances				
		Regular (3)	Voluntary Reinstatement and Military	Contributions (3)	Refunds to Minister of Finance	Number	Amount	Number Granted	Deaths and Expirations	Number in Force at End of Year	Amount Paid: Fund	Amount Paid: Supplementary Allowances (4)
		$	$	$	$		$				$	$
1976/77	37,799 2,970[1]	30,082,968	2,160,465	42,213,670	3,872,153	3,581	4,534,397	508 6[2]	91 1[2]	5,011 39[2]	14,966,711	3,729,673
1977/78	40,604 3,095[1]	36,365,508	2,384,132	51,970,631	4,303,524	2,981	5,110,493	564	114 1[2]	5,461 38[2]	17,611,890	4,851,759
1978/79	43,020 3,243[1]	40,189,724	2,236,950	64,516,199	5,107,284	2,910	6,031,800	686 3[2]	107 1[2]	6,040 40[2]	21,421,711	6,331,972
1979/80	46,177 3,033[1]	44,547,242	1,756,615	71,025,484	7,490,209	3,856	8,727,191	694 7[2]	78	6,656 47[2]	25,582,534	8,615,903
1980/81	47,857 3,640[1]	54,348,447	1,273,020	78,503,914	4,503,644	4,075	12,248,437	709 1[2]	151 1[2]	7,214 47[2]	30,239,736	11,451,709
1981/82	49,057 3,944[1]	64,956,872	1,799,625	91,003,851	—	5,148	16,102,436	828	134	7,908 47[2]	48,484,023	1,254,158
1982/83	50,396 3,871[1]	71,961,004	1,003,865	106,667,203	—	2,845	9,646,423	825 1[2]	146	8,587 48[2]	54,636,332	6,279,568
1983/84	49,055 3,939[1]	70,323,298	1,666,010	100,493,730	—	3,448	14,616,005	952 9[2]	160	9,379 57[2]	62,038,243	10,789,647
1984/85	45,135 4,079[1]	66,712,654	945,024	95,774,735	—	4,888	24,310,679	1,509[5] 1[2]	146 1[2]	10,742 57[2]	74,001,929	13,571,346
1985/86	44,665 4,444[1]	66,414,967	724,549	95,445,475	—	2,912	15,217,071	1,046[5]	202 2[2]	11,586 55[2]	83,497,418	16,134,144

[1] Nonactive — out of service but account remains at credit.

[2] Allowances in respect of former Members of the Legislative Assembly.

[3] Employee and employer contributions increased by 0.5% of salary effective November 1, 1976 and by a further 0.5% of salary effective October 1, 1980. Effective April 1, 1982, employer contributions were increased a further 2.5% of salary.

[4] Effective November 1, 1976 supplementary allowances were being financed by the additional employee and employer contributions referred to in note 3. Effective October 1, 1980, employee and employer contributions each of 1.25% of salary are being credited to the Inflation Adjustment Account and used to finance the capital cost of supplementary cost of living pension increases granted each January 1st.

[5] Included in the superannuation allowances granted for 1984/85 are 128 former contributors to the Pacific Coach Lines Ltd. Employees' Retirement Plan who are eligible to receive pension benefits paid under the *Pension (Public Service) Act*.

PUBLIC SERVICE SUPERANNUTATION FUND

SCHEDULE 5

Comparative Statistics, April 1, 1976 to March 31, 1986

Subdivided According to Sex of Contributor

Fiscal Year	Number of Contributors		Number of Refunds Granted		Allowances					
					Number of Allowances Granted		Number of Deaths and Expirations		Number of Allowances in Force At End of Year	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
1976/77	23,518	14,281	1,549	2,032	364	144	69	22	3,837	1,174
Non-active	1,558	1,412								
1977/78	24,640	15,964	1,223	1,758	387	177	74	40	4,150	1,311
Non-active	1,600	1,495								
1978/79	25,807	17,213	1,174	1,736	487	199	81	26	4,556	1,484
Non-active	1,686	1,557								
1979/80	26,670	19,507	1,722	2,134	471	223	26	52	5,010	1,646
Non-active	1,577	1,456								
1980/81	28,538	19,319	1,760	2,315	484	225	89	62	5,405	1,809
Non-active	1,661	1,979								
1981/82	28,791	20,266	2,324	2,824	626	202	49	37	5,982	1,974
Non-active	1,757	2,187								
1982/83	29,197	21,199	1,128	1,717	630	196	110	37	6,502	2,133
Non-active	1,944	1,927								
1983/84	28,584	20,471	1,354	2,094	722[1]	239	123[1]	37	7,101[1]	2,335
Non-active	1,968	1,971								
1984/85	26,383	18,752	2,132	2,756	1,151[2]	358[2]	119	27	8,133	2,666
Non-active	2,017	2,062								
1985/86	26,071	18,594	1,244	1,668	730	316	157	47	8,706	2,935
Non-active	2,157	2,287								

Non-active — out of service but account remains at credit.

[1] 1983/1984 statistics restated to account for adjustment in MLA, restated to account for pension reinstatements.

[2] 1984/85 new allowances granted include 101 male and 17 female pensioners transferred to the pension fund in respect of the transfer from the Pacific Coach Lines Ltd. Employees' Retirement Plan.

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 6

Normal Allowances Granted April 1, 1985 to March 31, 1986

SUBDIVIDED BY YEARS OF SERVICE AND VALUE OF ALLOWANCE

Years of Service	Number of Allowances Granted	Average Salary During Last Five Years	Average Annual Allowance on Single Life Plan	Average Value of Allowance	Average Employee Share	Average Government Share
		$	$	$	$	$
Under 10 years	76	29,729	3,402	37,888	10,975	26,913
10–14	302	29,171	4,054	44,492	14,167	30,325
15–19	162	25,925	6,302	69,314	18,597	50,717
20–24	144	26,953	8,769	91,915	22,069	69,846
25–29	103	27,988	12,283	129,005	28,897	100,108
30–34	75	31,802	16,843	187,713	37,862	149,851
35 and over	81	34,519	20,863	233,029	39,761	193,268
AVERAGE OF NORMAL ALLOWANCES GRANTED DURING YEAR:						
	63 (Age)	27,578	8,467	92,282	21,569	70,713
TOTAL VALUE OF NORMAL ALLOWANCES GRANTED DURING YEAR:						
	943	26,006,100	7,984,613	87,022,238	20,339,928	66,682,310

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 7

Normal Allowances Granted April 1, 1985 to March 31, 1986

GRANTED TO FORMER CONTRIBUTORS WHOSE MAXIMUM RETIREMENT AGE WAS 65

Years of Service	Age at Retirement												Total	Percent
	Under 55	55	56	57	58	59	60	61	62	63	64	65		
Under 10	—	2	3	3	6	4	11	8	1	5	5	25	73	8
10–14	—	12	11	11	11	13	41	24	21	29	13	112	298	33
15–19	—	6	4	4	6	7	22	11	11	11	13	57	152	17
20–24	—	5	7	3	5	4	11	11	8	15	18	51	138	15
25–29	—	7	3	4	7	2	11	8	6	6	13	28	95	10
30–34	1	4	8	3	4	6	15	5	6	4	4	12	72	8
35 and over	—	12	6	12	10	5	9	6	7	5	2	8	82	9
Total	1	48	42	40	49	41	120	73	60	75	68	293	910	
Percent	1	5	4	4	5	4	13	8	7	8	8	33		100

GRANTED TO FORMER CONTRIBUTORS WHOSE MAXIMUM RETIREMENT AGE WAS 60

Years of Service	Age at Retirement												Total	Percent
	Under 50	50	51	52	53	54	55	56	57	58	59	60		
Under 10	—	—	—	—	—	—	—	—	—	1	1	—	2	6
10–14	—	—	—	—	—	2	1	—	—	—	1	2	6	18
15–19	—	—	—	—	—	—	2	—	—	—	1	6	9	28
20–24	—	—	—	—	1	—	1	—	—	—	1	3	6	18
25–29	—	—	—	—	1	—	2	—	—	—	1	2	6	18
30–34	—	—	—	—	—	—	2	—	—	—	1	1	4	12
35 and over	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	2	2	8	—	—	1	6	14	33	
Percent	—	—	—	—	6	6	24	—	—	3	18	43		100

Allowances Other Than Normal Granted April 1, 1985 to March 31, 1986

Number of Allowances Granted	Death	Disability	Deferred
103	47	5	51

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 8

Approved and Reciprocal Employers as at March 31, 1986

APPROVED EMPLOYERS

Section 18 (4) (a) provides for the granting of a deferred allowance to a contributor who within three years of his last contribution to the Fund enters the employment of one or more of the following employers, remains in employment long enough to qualify for a monthly pension benefit and has at least 10 years combined contributory service under this plan and the pension plan of the approved employer —

	Effective Date
B.C. Central Credit Union	December 4, 1974
B.C. Railway Company	June 10, 1963
B.C. Rapid Transit Company Ltd. — Management Employees	July 25, 1985
Bricklayers and Masons Pension Plan	November 16, 1984
City of Calgary	July 13, 1972
Government of Canada	June 24, 1955
HTS Hi-tech Systems Ltd.	December 20, 1984
Legislative Assembly of the Province of British Columbia	June 10, 1963
Pacific Coach Lines (formerly Vancouver Island Coach Lines)	April 1, 1979
Pacific Press Limited	July 14, 1960
Simon Fraser University	September 18, 1980
University of British Columbia	August 20, 1962
University of Victoria	December 21, 1970

AGREEMENTS NEGOTIATED WITH OTHER EMPLOYERS

Section 38 (4) provides that the Commissioner may enter into an agreement for the transfer of funds in respect of an employee who transfers to or from the service of the following employers—

B.C. Hydro and Power Authority	September 14, 1970
Canadian Broadcasting Corporation	July 2, 1981
Central Mortgage and Housing Corporation	March 6, 1975
Government of Canada	June 24, 1955
HTS Hi-tech Systems Ltd.	December 20, 1984
Province of Alberta	October 19, 1976
Province of Alberta — Management Positions	May 5, 1977
Province of Manitoba	February 17, 1975
Province of New Brunswick	December 11, 1974
Province of Newfoundland	September 23, 1980
Province of Ontario	August 4, 1971
Province of Prince Edward Island	March 1, 1979
Province of Saskatchewan	May 2, 1977

RECIPROCAL EMPLOYERS

Section 16 provides for the method of calculating the monthly pension benefit for an employee who within three years of making his last contribution to the Fund transfers to or from the service of the following British Columbia reciprocal employers and commences contributing to the pension plan—

An employer under the *Pension (College) Act*	April 1, 1973
An employer under the *Pension (Municipal) Act*	April 1, 1973
An employer under the *Pension (Teachers) Act*	April 1, 1973
Workers' Compensation Board	June 5, 1974

PUBLIC SERVICE SUPERANNUATION FUND

SCHEDULE 9

Approved Group Disability Salary Continuance Plans as at March 31, 1986

APPROVED EMPLOYERS

Section 1 provides for the approval of group disability salary continuance plans by the Provincial Secretary. *Section 15 (7)* provides that any period during which a contributor receives benefits from an approved plan, is treated as a period of pensionable service for the purposes of the *Pension (Public Service) Act* in respect of the following employers —

Employer	Date Plan Approved
B.C. Assessment Authority	October 14, 1976
B.C. Institute of Technology	July 25, 1977
Emergency Health Services Commission	January 6, 1978
Metro Transit Operating Company	June 10, 1980
Public Service Long Term Disability Plan	April 26, 1978
Workers' Compensation Board (Boards of Review)	October 10, 1980
B.C. Government Employees' Union	May 27, 1981
B.C. Housing Management Commission	July 6, 1981
B.C. Development Corporation	April 10, 1984
Pacific Coach Lines Ltd.	October 24, 1984

PENSION (PUBLIC SERVICE) ACT

SCHEDULE 10

DEATH BENEFITS FUND

SECTION 43–46

Any contributor who is eligible for an allowance under the *Pension (Public Service) Act* or the *Legislative Assembly Allowances and Pension Act* may elect, on or before the day on which their allowance is granted, to purchase insurance coverage under the Death Benefits Fund. The cost to each contributor is $1.00 per month. Benefits payable upon death are dependent on the age of the participant:

	$
Less than 66	1,000
66 but not 67	900
67 but not 68	800
68 but not 69	700
69 but not 70	600
70 or over	500

Summary of Claims Paid for the Year Ended March 31, 1986

Number of Claims	Amount of Claims $	Total $
115	500	57,500
13	600	7,800
7	700	4,900
9	800	7,200
13	900	11,700
33	1,000	33,000
190		122,100

Summary of Sources of Funds for the Year Ended March 31, 1986

	$
Contributions by superannuants	92,850
Contributions by Government	29,250
	122,100

7,922 superannuants were contributing as at March 31, 1986.

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